



## Legislation Text

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### City of Alexandria, Virginia

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#### MEMORANDUM

**DATE:** OCTOBER 21, 2020

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** MARK B. JINKS, CITY MANAGER /s/

**DOCKET TITLE:**

Consideration of the Monthly Financial Report for the Period Ending August 31, 2020.

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**ISSUE:** Receipt of the Monthly Financial Report for the Period Ending August 31, 2020.

**RECOMMENDATION:** That City Council receives the Monthly Financial Report.

**BACKGROUND:** The following discussion is a summary of the Monthly Financial Report for this period. Detailed comparative schedules are attached.

At this time in FY 2021, the City's revenue and expenditures are not noticeably different than what was projected for the first two months of FY 2021, however revenue collections are likely to decline as COVID-19's impact on the City may be greater than budgeted. As of August 31, 2020, General Fund revenues totaled \$28.3 million, an increase of \$0.8 million or 2.7% more than the revenues collected at the same time in FY 2020. From what staff is seeing, the recovery will likely be longer than earlier projected, and revenues will be less than budgeted. It is important to note that revenues collected in July and some of the revenue collected in August are for taxes owed in June and are therefore accrued to the prior fiscal year.

As noted in last month's timeline, the first significant tax revenue in FY 2021 is traditionally due on October 5, when personal property taxes for vehicle and business personal property are due. Early in September, City Council extended this deadline to December 15. At this time new car sales and registrations with the City are less than last year at this time and that may lead to lower car tax revenues.

Revenues may not track consistently with a monthly calendar since many revenue sources have dues dates that do not occur evenly through the year. Large revenue sources, such as real estate and personal property tax revenues are remitted twice per year and once per year, respectively. Through the first two months of the fiscal year, no category has sufficient receipts to establish a clear pattern, however from other economic data staff believes that FY 2021 revenue collections will likely be somewhat less than budgeted. Staff is working on the FY 2021 revenue projections and will complete them and present the findings at Council's November 7 Retreat.

In addition to the revenues and expenditure schedules, Attachment 3 provides a comparison of the City's primary local taxes related to consumer spending.

Through July 2020, the cumulative lost revenue in just the five local tax revenue categories shown is approximately \$12 million. As shown in the bar charts, likely due to new sales tax, applicability to internet based sales, monthly sales tax revenue is slightly ahead of

collections in June 2019. Meals Sales tax revenues is 36 percent less in July 2020 than it was in July 2019, Transient Lodging tax revenue has increased 65 percent in July 2020 compared to June 2020, but receipts in this fiscal year in July are 70 percent lower than revenue received in July 2019.

Non-tax revenues are also showing the effects of the pandemic for a variety of reasons. Intergovernmental Revenues are lagging in FY 2021 due in administrative delays impacting the receipt of the City's Build America Bond subsidy and HB 599 law enforcement aid. Social distancing and "safer at home" directives are significantly impacting revenues that are dependent on entrance and rental fees (recreation classes, facility rentals, e.g.). The development of the FY 2021 General Fund revenue budget included a review of each revenue category to estimate the impact COVID-19 might have on receipts and many categories were reduced in advance of continued impacts on the City's economy from the pandemic. Revenue from the use of money and property is also lower than last fiscal year due to interest rates being significantly lower than prior years resulting in reduced revenue from investments. Lower interest rates were anticipated and the budget for Interest on General Fund Investments was reduced significantly for FY 2021.

As of August 31, 2020, General Fund expenditures totaled \$113.2 million, an increase of \$1.7 million over the same time period for FY 2020. Similar to the situation with revenues, it is too soon to make any definitive economic interpretation from the activity that has occurred in the first two months of the fiscal year. Beyond the expenses related to the pandemic response, no significant expenditure has occurred in the first quarter of Fiscal Year 2021 that is unbudgeted or unexpected. The most significant difference is the timing and source of payments. For example, the City's contribution to WMATA is funded from several sources. Last year, a greater portion of the General Fund contribution was utilized by this point in the fiscal year compared to this year. Debt Service payments scheduled in July are greater in FY 2021 than in FY 2020. In Non-Departmental, insurance policy renewal payments were made earlier than in FY 2020.

**ATTACHMENTS:**

Attachment 1: Comparative Statement of General Fund Revenues  
Attachment 2: Comparative Statement of General Fund Expenditures  
Attachment 3: Consumer Spending comparison charts

**STAFF:**

Laura Triggs, Deputy City Manager  
Kendel Taylor, Director, Finance Department  
Morgan Routt, Director, Office and Management and Budget  
Mayuri Middough, Division Chief of Administration

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION  
GENERAL FUND  
FOR THE PERIODS ENDING AUGUST 31, 2020 AND AUGUST 31, 2019**

	B	C	D=C/B	E	F	G=F/E
	FY 2021	FY2021	%	FY 2020	FY2020	%
FUNCTION	APPROVED	EXPENDITURES	OF BUDGET	APPROVED	EXPENDITURES	OF BUDGET
	BUDGET	THRU 8/31/2020	EXPENDED	BUDGET	THRU 8/31/2019	EXPENDED
Legislative & Executive.....	\$ 3,491,191	\$ 503,778	14.4%	\$ 3,420,083	\$ 486,803	14.2%
Judicial Administration.....	\$ 45,325,870	\$ 7,032,553	15.5%	\$ 45,753,450	\$ 6,710,811	14.7%
<b>Staff Agencies</b>						
Communications.....	\$ 1,547,230	\$ 218,022	14.1%	\$ 1,544,299	\$ 202,540	13.1%
Human Rights.....	940,880	136,758	14.5%	905,803	152,973	16.9%
Information Technology Services.....	12,664,588	3,107,581	24.5%	12,112,402	3,338,505	27.6%
Management & Budget.....	1,275,096	178,678	14.0%	1,289,191	208,158	16.1%
Finance.....	12,319,067	1,626,971	13.2%	13,636,052	1,826,272	13.4%
Performance and Accountability.....	509,308	129,099	25.3%	524,512	135,177	25.8%
Internal Audit.....	306,170	39,095	12.8%	442,003	35,394	8.0%
Human Resources.....	4,012,280	649,922	16.2%	4,540,243	707,170	15.6%
Planning & Zoning.....	5,777,856	822,428	14.2%	6,200,058	836,627	13.5%
Economic Development Activities.....	6,923,390	1,629,991	23.5%	7,131,946	1,514,540	21.2%
City Attorney.....	3,251,445	443,600	13.6%	3,018,893	609,062	20.2%
Registrar.....	1,459,825	186,838	12.8%	1,335,337	181,286	13.6%
Organizational Excellence	152,429	19,549	12.8%	-	-	-
General Services.....	10,950,902	1,368,990	12.5%	12,069,541	1,803,127	14.9%
Total Staff Agencies	\$ 62,090,466	\$ 10,557,524	17.0%	\$ 64,750,280	\$ 11,550,830	17.8%
<b>Operating Agencies</b>						
Transportation & Environmental Services.....	\$ 21,423,671	\$ 2,644,323	12.3%	\$ 24,122,255	\$ 2,938,267	12.2%
Project Implementation.....	-	25	0.0%	-	195	0.0%
Fire.....	51,683,050	6,686,600	12.9%	55,307,639	7,529,928	13.6%
Police.....	62,042,696	8,350,335	13.5%	67,140,759	9,018,036	13.4%
Emergency Communications.....	8,727,703	1,577,032	18.1%	8,178,881	1,439,657	17.6%
Code.....	24,000	449	1.9%	33,060	898	2.7%
Transit Subsidies.....	20,658,367	239,866	1.2%	21,760,499	5,328,060	24.5%
Housing.....	1,757,228	270,591	15.4%	1,883,181	280,590	14.9%
Community and Human Services.....	13,847,042	1,934,022	14.0%	14,569,180	2,162,854	14.8%
Health.....	9,442,886	1,946,234	20.6%	8,320,647	1,921,955	23.1%
Historic Resources.....	3,295,795	504,214	15.3%	3,431,620	489,278	14.3%
Recreation.....	23,063,820	2,907,017	12.6%	23,855,374	3,742,014	15.7%
Total Operating Agencies	\$ 215,966,258	\$ 27,060,708	12.5%	\$ 228,603,095	\$ 34,851,733	15.2%
<b>Education</b>						
Schools.....	\$ 234,037,296	\$ 11,939,364	5.1%	\$ 231,669,496	\$ 11,848,420	5.1%
Other Educational Activities.....	16,009	4,002	25.0%	16,128	4,032	25.0%
Total Education	\$ 234,053,305	\$ 11,943,366	5.1%	\$ 231,685,624	\$ 11,852,452	5.1%
<b>Capital, Debt Service and Miscellaneous</b>						
Debt Service - City.....	\$ 37,288,071	\$ 22,875,140	61.3%	\$ 35,530,695	\$ 18,522,034	52.1%
Debt Service - Schools.....	\$ 28,578,698	\$ 17,335,934	60.7%	\$ 28,112,251	\$ 14,452,218	51.4%
Expenses on Refunding Bonds.....	-	-	0.0%	-	-	0.0%
Non-Departmental.....	\$ 13,432,612	4,010,014	29.9%	9,495,526	1,316,812	3.3%
General Cash Capital.....	\$ 27,948,743	-	0.0%	40,031,577	-	0.0%
Contingent Reserves.....	-	-	0.0%	799,170	-	0.0%
Total Capital, Debt Service and Miscellaneous	\$ 107,248,124	\$ 44,221,088	41.2%	\$ 113,969,219	\$ 34,291,064	30.1%
<b>TOTAL EXPENDITURES</b>	\$ 668,175,214	\$ 101,319,018	15.2%	\$ 688,181,751	\$ 99,743,693	14.5%
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds)...	\$ 60,201,280	\$ 11,791	0.0%	\$ 58,216,317	\$ -	0.0%
Transfer to Housing.....	-	-	0.0%	-	-	0.0%
Transfer to Library.....	7,175,971	14,104	0.2%	7,115,754	13,362	0.2%
Transfer to DASH.....	17,723,682	11,854,706	66.9%	15,282,278	11,736,960	76.8%
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	\$ 753,276,147	\$ 113,199,619	15.0%	\$ 768,796,100	\$ 111,494,016	14.5%
<b>Total Expenditures by Category</b>						
Salaries and Benefits.....	\$ 228,904,844	\$ 31,099,067	13.6%	\$ 233,446,958	\$ 33,746,338	14.5%
Non Personnel (includes all school funds) .....	524,371,303	82,100,552	15.7%	535,349,142	77,747,678	14.5%
<b>Total Expenditures</b>	\$ 753,276,147	\$ 113,199,619	15.0%	\$ 768,796,100	\$ 111,494,016	14.5%

**CITY OF ALEXANDRIA, VIRGINIA**

**COMPARATIVE STATEMENT OF REVENUES**

**GENERAL FUND**

**FOR THE PERIODS ENDING AUGUST 31, 2020 AND AUGUST 31, 2019**

	<b>B</b>	<b>C</b>	<b>D=C/B</b>	<b>E</b>	<b>F</b>	<b>G=F/E</b>
	<b>FY 2021</b>	<b>FY2021</b>		<b>FY 2020</b>	<b>FY2020</b>	
	<b>APPROVED</b>	<b>REVENUES</b>	<b>%</b>	<b>TOTAL</b>	<b>REVENUES</b>	<b>%</b>
	<b>BUDGET</b>	<b>THRU 8/31/2020</b>	<b>OF BUDGET</b>	<b>REVENUE</b>	<b>THRU 8/31/2019</b>	<b>OF TOTAL</b>
<b>General Property Taxes</b>						
Real Property Taxes.....	\$ 477,554,000	\$ 1,125,126	0.2%	\$ 462,848,143	\$ 505,785	0.1%
Personal Property Taxes.....	55,213,000	5,303,800	9.6%	56,926,910	453,201	0.8%
Penalties and Interest.....	2,808,000	84,656	3.0%	2,708,000	67,658	2.5%
Total General Property Taxes	\$ 535,575,000	\$ 6,513,582	1.2%	\$ 522,483,053	\$ 1,026,644	0.2%
<b>Other Local Taxes</b>						
Local Sales and Use Taxes.....	\$ 26,194,000	\$ 191	0.0%	\$ 28,800,000	\$ -	0.0%
Consumer Utility Taxes.....	12,700,000	1,009,438	7.9%	12,000,000	747,097	6.2%
Communication Sales and Use Taxes.....	8,275,000	741,292	9.0%	9,200,000	-	0.0%
Business License Taxes.....	22,000,000	457,622	2.1%	34,378,000	118,991	0.3%
Transient Lodging Taxes.....	10,833,000	312,598	2.9%	12,800,000	1,211,074	9.5%
Restaurant Meals Tax.....	20,500,000	2,302,315	11.2%	24,231,000	2,225,264	9.2%
Tobacco Taxes.....	2,600,000	193,776	7.5%	2,600,000	224,144	8.6%
Motor Vehicle License Tax.....	-	3,647	0.0%	-	-	0.0%
Real Estate Recordation.....	5,900,000	613,308	10.4%	6,000,000	826,101	13.8%
Admissions Tax.....	500,000	823	0.2%	670,000	57,788	8.6%
Other Local Taxes.....	5,109,090	226,159	4.4%	4,809,090	4,550	0.1%
Total Other Local Taxes	\$ 114,611,090	\$ 5,861,171	5.1%	\$ 135,488,090	\$ 5,415,010	4.0%
<b>Intergovernmental Revenues</b>						
Revenue from the Fed. Government.....	\$ 11,109,303	\$ 619,650	5.6%	\$ 10,397,000	\$ 1,384,720	13.3%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	11,789,265	50.0%	23,578,531	11,789,265	50.0%
Revenue from the Commonwealth.....	23,547,855	724,464	3.1%	23,564,515	2,171,467	9.2%
Total Intergovernmental Revenues	\$ 58,235,689	\$ 13,133,379	22.6%	\$ 57,540,046	\$ 15,345,452	26.7%
<b>Other Governmental Revenues And Transfers In</b>						
Fines and Forfeitures.....	\$ 3,502,615	\$ 529,848	15.1%	4,930,450	\$ 675,957	13.7%
Licenses and Permits.....	2,339,631	425,997	18.2%	2,615,350	372,565	14.2%
Charges for City Services.....	14,308,344	1,041,954	7.3%	15,790,462	2,767,450	17.5%
Revenue from Use of Money & Prop.....	5,498,250	640,882	11.7%	11,406,650	1,662,634	14.6%
Other Revenue.....	2,019,966	184,756	9.1%	2,016,285	315,359	15.6%
Transfer from Other Funds.....	9,246,427	-	0.0%	9,271,882	-	0.0%
Total Other Governmental Revenues	\$ 36,915,233	\$ 2,823,437	7.6%	\$ 46,031,079	\$ 5,793,965	12.6%
<b>TOTAL REVENUE</b>	<b>\$ 745,337,012</b>	<b>\$ 28,331,568</b>	<b>3.8%</b>	<b>\$ 761,542,268</b>	<b>\$ 27,581,071</b>	<b>3.6%</b>
Appropriated Fund Balance						-
General Fund.....	\$ 7,939,135	\$ -	\$ -	\$ 2,893,585	\$ -	-
Cash Capital						-
Encumbrances And Other		-	-	-	-	-
Supplemental Appropriations....	-	-	-	4,360,247	-	-
<b>TOTAL</b>	<b>\$ 753,276,147</b>	<b>\$ 28,331,568</b>	<b>3.8%</b>	<b>\$ 768,796,100</b>	<b>\$ 27,581,071</b>	<b>3.6%</b>

Consumer Spending Comparisons – Calendar Year 2019 to 2020  
By Filing Month

		Cumulative Impact on Consumer Spending			
	Tax Revenue	CY2019	CY2020	Change	% Change
Feb-June	Sales	\$12,303,306	\$11,597,123	(\$706,183)	-5.7%
Feb-July	Meals Sales	\$12,752,371	\$7,398,163	(\$5,354,209)	-42.0%
Feb-July	Transient Lodging	\$7,400,949	\$2,158,496	(\$5,242,453)	-70.8%
Feb-July	Admissions	\$319,799	\$51,166	(\$268,633)	-84.0%
Feb-July	Recordation	\$3,469,729	\$3,051,682	(\$418,047)	-12.0%
	Cumulative	\$36,246,155	\$24,256,630	(\$11,989,524)	-33.1%
		Year over Year Comparison			
	Tax Revenue	CY2019	CY2020	Change	% Change
June	Sales	\$2,489,273	\$2,565,923	\$76,650	3.1%
July	Meals Sales	\$2,082,376	\$1,332,766	(\$749,611)	-36.0%
July	Transient Lodging	\$1,103,768	\$326,330	(\$777,437)	-70.4%
July	Admissions	\$63,655	\$855	(\$62,800)	-98.7%
July	Recordation	\$826,101	\$613,308	(\$212,793)	-25.8%
		Comparison to Average Collection			
	Tax Revenue	CY2019	CY2020	FY 2020 Month Average - July - February	5-year Same Month Average
June	Sales	\$2,489,273	\$2,565,923	\$2,569,122	\$2,430,047
July	Meals Sales	\$2,083,756	\$1,229,283	\$2,087,801	\$179,341
July	Transient Lodging	\$1,103,768	\$202,681	\$976,799	\$1,074,784
July	Admissions	\$63,655	\$963	\$50,300	\$75,054
July	Recordation	\$826,101	\$613,308	\$630,896	\$534,904

